

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

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|--|---|
| <p align="right">DATE: <u>10/15/2018</u></p> <p>CONTACT PERSON: _____</p> <p>TELEPHONE: _____</p> <p>EMAIL ADDRESS: _____</p> <p>ON BEHALF OF: _____</p> <p>NAME: <u>Dale Bruggeman</u></p> <p>TITLE: <u>Chair SAPWG</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50W. Town St., 3rd Fl., Ste. 300</u> <u>Columbus, OH 43215</u></p> | <p align="center"><u>FOR NAIC USE ONLY</u></p> <p>Agenda Item # <u>2018-27BWG</u> Year <u>2019</u></p> <p>Changes to Existing Reporting [X] New Reporting Requirement []</p> <p align="center"><u>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</u></p> <p>No Impact [X] Modifies Required Disclosure []</p> <p align="center"><u>DISPOSITION</u></p> <p>[] Rejected For Public Comment [] Referred To Another NAIC Group [] Received For Public Comment [X] Adopted Date <u>04/06/2019</u> [] Rejected Date _____ [] Deferred Date _____ [] Other (Specify) _____</p> |
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BLANK(S) TO WHICH PROPOSAL APPLIES

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|---|---|--------------------------------------|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" type="checkbox"/> INSTRUCTIONS | <input type="checkbox"/> CROSSCHECKS |
| <input type="checkbox"/> QUARTERLY STATEMENT | <input type="checkbox"/> BLANK | |
| <input checked="" type="checkbox"/> Life, Accident & Health/Fraternal | <input type="checkbox"/> Separate Accounts | <input type="checkbox"/> Title |
| <input checked="" type="checkbox"/> Property/Casualty | <input type="checkbox"/> Protected Cell | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Health | <input type="checkbox"/> Health (Life Supplement) | |

Anticipated Effective Date: Annual 2019

IDENTIFICATION OF ITEM(S) TO CHANGE

Add reference to reporting separate account or protected cell to the instruction for Note 5L(4) and modify the illustrations to include additional lines for separate accounts or protected cells in addition to the general account with a notation indicating which lines apply to the general account and which lines apply to separate accounts or protected cells.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

The guidance included to *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* requires disclosure of the amount and nature of assets received as collateral that are reflected within the reporting entity’s financial statements, as well as the liability recognized to return the collateral. The SSAP No. 1 guidance requires information for collateral held in the general account and the separate account, with a comparison to total assets and admitted assets. In response to questions received, it was noted that the disclosure illustration did not explicitly capture separate account assets; therefore the disclosure template has been expanded to capture this information.

(This guidance was adopted June 6, 2016 in SAPWG agenda item 2016-09, and was initially data-captured in the year-end 2016 statutory financial statements.)

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL

NOTES TO FINANCIAL STATEMENTS

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5. Investments

Instruction:

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L. Restricted Assets

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(4) Collateral Received and Reflected as Assets Within the Reporting Entity’s Financial Statements

Disclose the following for the general account and separate account:

- Nature of any assets received as collateral reflected as assets within the reporting entity’s financial statements
- Book/adjusted carrying value (BACV) of the collateral
- Fair value of the collateral
- The recognized liability to return these collateral assets
- The percentage the collateral asset BACV amount (gross and admitted) is of the reporting entity’s total assets amount reported on Line 26 of the asset page (gross and admitted, respectively).

NOTE: The information captured within this disclosure is intended to aggregate the information reported in the Annual Statement Investment Schedules in accordance with the coding of investments that are not under the exclusive control of the reporting entity, including assets loaned to others, and the information reported in the General Interrogatories.

Restricted assets in the separate account are not intended to capture amounts “restricted” only because they are insulated from the general account or because they are attributed to specific policyholders. Separate account assets shall be captured in this disclosure only if they are restricted outside of these characteristics.

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Illustration:

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L. Restricted Assets

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THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(4) Collateral Received and Reflected as Assets Within the Reporting Entity’s Financial Statements

| | 1 | 2 | 3 | 4 |
|--|-------------------------------------|------------|---|---------------------------------------|
| Collateral Assets | Book/Adjusted Carrying Value (BACV) | Fair Value | % of BACV to Total Assets (Admitted and Nonadmitted * | % of BACV to Total Admitted Assets ** |
| <u>General Account:</u> | | | | |
| a. Cash, Cash Equivalents and Short-Term Investments | \$ | \$ | % | % |
| b. Schedule D, Part 1 | | | % | % |
| c. Schedule D, Part 2, Section 1 | | | % | % |
| d. Schedule D, Part 2, Section 2 | | | % | % |
| e. Schedule B | | | % | % |
| f. Schedule A | | | % | % |
| g. Schedule BA, Part 1 | | | % | % |
| h. Schedule DL, Part 1 | | | % | % |
| i. Other | | | % | % |
| j. Total Collateral Assets (a+b+c+d+e+f+g+h+i) | \$ | \$ | % | % |
| <u>Separate Account:</u> | | | | |
| k. Cash, Cash Equivalents and Short-Term Investments | \$ | \$ | % | % |
| l. Schedule D, Part 1 | | | % | % |
| m. Schedule D, Part 2, Section 1 | | | % | % |
| n. Schedule D, Part 2, Section 2 | | | % | % |
| o. Schedule B | | | % | % |
| p. Schedule A | | | % | % |
| q. Schedule BA, Part 1 | | | % | % |
| r. Schedule DL, Part 1 | | | % | % |
| s. Other | | | % | % |
| t. Total Collateral Assets (k+l+m+n+o+p+q+r+s) | \$ | \$ | % | % |

* $j = \text{Column 1 divided by Asset Page, Line 26 (Column 1)}$
 $t = \text{Column 1 divided by Asset Page, Line 27 (Column 1)}$

** $j = \text{Column 1 divided by Asset Page, Line 26 (Column 3)}$
 $t = \text{Column 1 divided by Asset Page, Line 27 (Column 3)}$

| | 1 | 2 |
|--|----------|---------------------------------------|
| | Amount | % of Liability to Total Liabilities * |
| u. Recognized Obligation to Return Collateral Asset (General Account) | \$ | % |
| v. Recognized Obligation to Return Collateral Asset (Separate Account) | \$ | % |

* $u = \text{Column 1 divided by Liability Page, Line 26 (Column 1)}$
 $v = \text{Column 1 divided by Liability Page, Line 27 (Column 1)}$

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ANNUAL STATEMENT INSTRUCTIONS – PROPERTY

NOTES TO FINANCIAL STATEMENTS

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5. Investments

Instruction:

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L. Restricted Assets

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(4) Collateral Received and Reflected as Assets Within the Reporting Entity’s Financial Statements

Disclose the following for the general account and protected cell:

- Nature of any assets received as collateral reflected as assets within the reporting entity’s financial statements
- Book/adjusted carrying value (BACV) of the collateral
- Fair value of the collateral
- The recognized liability to return these collateral assets
- The percentage the collateral asset BACV amount (gross and admitted) is of the reporting entity’s total assets amount reported on Line 26 of the asset page (gross and admitted, respectively).

NOTE: The information captured within this disclosure is intended to aggregate the information reported in the Annual Statement Investment Schedules in accordance with the coding of investments that are not under the exclusive control of the reporting entity, including assets loaned to others, and the information reported in the General Interrogatories.

Restricted assets in the separate account are not intended to capture amounts “restricted” only because they are insulated from the general account or because they are attributed to specific policyholders. Separate account assets shall be captured in this disclosure only if they are restricted outside of these characteristics.

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Illustration:

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L. Restricted Assets

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THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(4) Collateral Received and Reflected as Assets Within the Reporting Entity’s Financial Statements

| Collateral Assets | 1 Book/Adjusted Carrying Value (BACV) | 2 Fair Value | 3 % of BACV to Total Assets (Admitted and Nonadmitted * | 4 % of BACV to Total Admitted Assets ** |
|--|--|-----------------|---|--|
| <u>General Account:</u> | | | | |
| a. Cash, Cash Equivalents and Short-Term Investments | \$ | \$ | % | % |
| b. Schedule D, Part 1 | | | % | % |
| c. Schedule D, Part 2, Section 1 | | | % | % |
| d. Schedule D, Part 2, Section 2 | | | % | % |
| e. Schedule B | | | % | % |
| f. Schedule A | | | % | % |
| g. Schedule BA, Part 1 | | | % | % |
| h. Schedule DL, Part 1 | | | % | % |
| i. Other | | | % | % |
| j. Total Collateral Assets (a+b+c+d+e+f+g+h+i) | \$ | \$ | % | % |
| <u>Protected Cell:</u> | | | | |
| k. Cash, Cash Equivalents and Short-Term Investments | \$ | \$ | % | % |
| l. Schedule D, Part 1 | | | % | % |
| m. Schedule D, Part 2, Section 1 | | | % | % |
| n. Schedule D, Part 2, Section 2 | | | % | % |
| o. Schedule B | | | % | % |
| p. Schedule A | | | % | % |
| q. Schedule BA, Part 1 | | | % | % |
| r. Schedule DL, Part 1 | | | % | % |
| s. Other | | | % | % |
| t. Total Collateral Assets (k+l+m+n+o+p+q+r+s) | \$ | \$ | % | % |

* $j = \text{Column 1 divided by Asset Page, Line 26 (Column 1)}$
 $t = \text{Column 1 divided by Asset Page, Line 27 (Column 1)}$

** $j = \text{Column 1 divided by Asset Page, Line 26 (Column 3)}$
 $t = \text{Column 1 divided by Asset Page, Line 27 (Column 3)}$

| | 1 Amount | 2 % of Liability to Total Liabilities * |
|--|-------------|---|
| u. Recognized Obligation to Return Collateral Asset (General Account) | \$ | % |
| v. Recognized Obligation to Return Collateral Asset (Separate Account) | \$ | % |

* $u = \text{Column 1 divided by Liability Page, Line 26 (Column 1)}$
 $v = \text{Column 1 divided by Liability Page, Line 27 (Column 1)}$

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